

NAME: \_\_\_\_\_ CLASS PERIOD: \_\_\_\_\_

## Personal Decision Making

This exercise focuses on making personal decisions. Our personal resources include time, energy, and skills that we use to satisfy our wants. They also include the financial resources (such as money, savings bonds, and deposit accounts in banks) that we have accumulated over our lifetime.

We use these personal resources to purchase goods and services. Goods are things we can touch, such as cars, houses, computers, and cell phones. Services are activities such as rock concerts, education, movies, insurance, loans, vacations, and health care. Of course, we cannot have all the goods and services we want because of scarcity. But we can have more goods and services if we choose wisely. By carefully considering the costs and benefits of our decisions, we can improve our lives.

### A College for Maria

Maria Delgado will graduate from high school this spring. She plans to attend college, but she does not know which college to attend. She is using a decision-making model in order to make a better choice. Let's work through Maria's decision, using the five-step decision-making model.

#### Step 1: Define the Problem

Maria must recognize the problem. She knows that all colleges and universities are not alike, and she must choose the one that is right for her. She plans to major in marketing.

#### Step 2: List the Alternatives

Maria has found three main alternatives. State U is a big university with 30,000 students, and it offers both undergraduate and graduate programs. Many undergraduate classes are very large; some have more than 300 students. The tuition is reasonable. The business school and the marketing program are highly ranked nationally. State U is located 150 miles from Maria's hometown.

Local Community College is a two-year college only a few miles away from Maria's house. Its classes are smaller than State U's, averaging about 40 students. There are marketing classes. While some faculty members are outstanding, Maria has heard that most do not have Ph.D. degrees (most faculty members at State U do have Ph.D. degrees). The tuition for LCC is low, and if she decides on LCC, Maria could keep her part-time job.

Private College, which has only 3,000 students, is located 200 miles from Maria's hometown in a neighboring state. The classes are small, and the students get a lot of individual attention and help. The college offers marketing courses. Its admission standards are high, but Maria is an outstanding student and thinks she has a good

chance of being accepted. Tuition is expensive. Private College gives scholarships and loans, but the cost would still be higher than the cost at State U.

**STEP 3: Identify Your Criteria**

For any choice, your criteria are important considerations by which the alternative possibilities may be judged. People often differ in the criteria they consider important in making choices.

Maria's most important criteria are these:

- Low-cost tuition, because her family is not wealthy.
- High-quality education, particularly in marketing.
- Small class size and personal attention.
- Close location to home, because she feels she would miss her friends if she were far away.

**Step 4: Evaluate Your Alternatives**

Maria must now evaluate her alternatives against her criteria. She has decided to use the decision-making grid shown at the end of this exercise. She will use a "+" and "-" system to evaluate each alternative. One plus sign is positive and two plus signs are even better—very positive. A minus sign is negative. Two minus signs are very negative. Complete the grid before going to Step 5.

**Step 5: Make a Decision**

Maria decided to attend Local Community College for two years. Cost is very important to her. By attending the community college while working part-time, she might even be able to save some money. She felt the private college had the best program for her, but it is too expensive and too far from home. The community college had the most pluses. Low cost and closeness to home were very important to Maria, and the community college ranked highest on these criteria.

A longer-term option for Maria may be to save money and apply for scholarships during the two years when she attends the community college. If she does this, she may be able to attend the private school for her final two years of college.

### Maria's Decision-Making Grid

Based on the information in this exercise, use the grid to help Maria make a decision. Then answer the questions that follow.

**What is the problem?**

Fill in the boxes with "+", "++", or "-", "--", as you think Maria might have decided.

| ALTERNATIVES            | CRITERIA |                  |                    |               |
|-------------------------|----------|------------------|--------------------|---------------|
|                         | Low Cost | Quality Programs | Personal Attention | Close to Home |
| State U                 |          |                  |                    |               |
| Local Community College |          |                  |                    |               |
| Private College         |          |                  |                    |               |

**Maria's Decision** \_\_\_\_\_

#### Questions:

- Why is the decision-making model important?
- Are there any additional criteria that Maria did not consider that you feel are important in choosing a college?
- Do you agree with Maria's choice? Why or why not?

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## Buying a New Computer or Digital Camera

You can use the decision-making model and grid for any consumer decision. Assume you want to buy a computer or a digital camera. Fill out the decision-making grid that follows and decide which computer or digital camera to buy. Find the alternative models at electronics superstores, computer or camera stores, or online stores. Develop your criteria, which could include size, cost, memory, disk capacity, speed, audio and video capabilities, etc. Choose the criteria that are most important to you; fill out the grid; make a choice; and justify it.

### Decision-Making Grid

The Problem:

| Criteria<br>↓     |  |  |  |  |  |
|-------------------|--|--|--|--|--|
| Alternatives<br>→ |  |  |  |  |  |
|                   |  |  |  |  |  |
|                   |  |  |  |  |  |
|                   |  |  |  |  |  |

The Decision: